

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated February 17, 2010)

Drafting Number: LLS 10-0763
Prime Sponsor(s): Rep. Balmer

Date: March 23, 2010
Bill Status: House Appropriations
Fiscal Analyst: David Porter (303-866-4375)

TITLE: CONCERNING AUTHORIZATION TO PLACE VOLUNTARILY AN IDENTIFIER OF A BRANCH OF THE UNITED STATES ARMED FORCES ON CERTAIN IDENTIFICATION DOCUMENTS ISSUED BY THE DEPARTMENT OF REVENUE.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
Cash Funds		
Highway Users Tax Fund	\$ 121,500*	\$ 243,000
State Expenditures		
Cash Funds		
Highway Users Tax Fund	\$ 83,088	\$ 0
FTE Position Change		
Effective Date: July 1, 2010, with driver's licenses available by January 1, 2011.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

* Of this amount, \$83,088 will pay for programming costs in the Department of Revenue as identified in the State Expenditures section.

This revised fiscal note incorporates new information about program funding and new estimates for programming costs. The House State, Veterans, and Military Affairs Committee amendments did not change the fiscal impact.

Summary of Legislation

This bill, *as amended by the House State, Veterans, and Military Affairs Committee*, allows a current military service member or veteran to request a driver's license or identification card that has a military identifier. The identifier will indicate which branch of service the person belongs to and can only be acquired after payment of a \$15 fee and presenting a valid military identification document. Proof of military service is only required for the initial license issuance. Once the direct and indirect costs of the bill are paid, revenue is credited to the Highway Users Tax Fund for state highway purposes.

State Revenue

State revenue under the bill is estimated at **\$121,500 in FY 2010-11 and \$243,000 in FY 2011-12** and thereafter. Revenue is estimated based on 16,200 military members acquiring a military identifier on their driver's license or identification card annually. The estimate is based on the following assumptions:

- P there are approximately 425,000 service members and veterans in Colorado;
- P over 135,000 military license plates are registered, 2.7 percent of all license plates;
- P 2.7 percent of the 600,000 annual driver's license issued is 16,200 licenses; and
- P driver's licenses with a military identifier will be available beginning in January 2011 – yielding 6 months of revenue in FY 2010-11.

After payment for computer programming costs described in the State Expenditures section, fee revenue is credited to the Highway Users Tax Fund (HUTF) and is subsequently distributed to the State Highway Fund (60%), counties (22%), and municipalities (18%). Table 1 displays revenue by recipient or fund according to the HUTF distribution.

	FY 2010-11	FY 2011-12
State Highway Fund	\$23,047	\$145,800
Counties	8,451	53,460
Municipalities	6,914	43,740
TOTAL	\$38,412	\$243,000

State Expenditures

In FY 2010-11, the bill requires expenditures of \$83,088. Expenditures are for computer programming in the Department of Revenue and are in FY 2010-11 only and are assumed to be paid from the Highway Users Tax Fund. Programming costs are as follows:

- P ***License and Identification Card Modification (\$59,550)*** – L-1 Identity Systems, the vendor that prints and mails driver's licenses and identification cards, requires \$59,550 to modify systems to accept a flag indicating a military identifier is required on the card. The modification will also print the military identifier on the card.
- P ***Driver's License System Modifications (\$23,538)*** – The system used to process driver's license and identification card transactions must be modified to flag for the military identifier option. The system must also be able to account for the \$15 fee. Costs are based on 600 hours of programming at \$39.23 per hour.

Local Government Impact

As shown in Table 1 in the state revenue section of this fiscal note, county and municipal governments will receive a portion of the HUTF revenue from the fee on the military identifier. Local governments will receive **\$15,365 in FY 2010-11 and \$97,200 in FY 2011-12.**

State Appropriations

For FY 2010-11, the bill requires an appropriation of \$83,088 from the Highway Users Tax Fund to the Department of Revenue.

Departments Contacted

Revenue Military and Veterans Affairs